

**U.S. BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

In Re:	Bankruptcy No.: 25-30002
Generations on 1 st , LLC, Debtor, Jointly Administered.	Chapter 11
Parkside Place, LLC, Debtor, Jointly Administered.	Bankruptcy No.: 25-30003
	Chapter 11

AFFIDAVIT OF CHARLES AARESTAD

RE: GENERATIONS NOTES NOS. 1-7 & NO. 9

STATE OF MINNESOTA)
) SS
COUNTY OF NORMAN)

I, Charles Aarestad, hereby state and declare as follows:

1. I hold the title of Senior Vice President at Red River State Bank (“RRSB” or “Creditor”). I have held my current position since 2011.

2. I hold a bachelor’s degree in Agricultural Economics from North Dakota State University. I have also attended the Graduate School of Banking at the University of Wisconsin-Madison.

3. I am personally familiar with the loan history between RRSB and Generations on 1st, LLC (the “Debtor”).

4. I have personally reviewed bank statements, transaction receipts, deposits, and checks associated with several bank accounts, including without limitation:

- a. a checking account ending in -4657 at RRSB, also known as the Assignment of Rents Holding Account (the “RRSB Generations Account”);
- b. a checking account ending in -1711 at First Community Credit Union (“FCCU”) owned by Craig Development, LLC (the “FCCU Craig Development Account”);
- c. a checking account ending in -4695 at FCCU owned by Craig Properties, LLC (the “FCCU Craig Properties Account”).;
- d. a checking account ending in -2258 at Starion Bank owned by non-debtor affiliate CP Business Management Inc. – Apartments (the “CP Business Account”); and
- e. a debtor-in-possession checking account ending in -8666 held by the estate at Starion Bank (the “Generations DIP Account”).

With the exception of the account for which RRSB is the depository institution, all of the aforementioned documents were obtained through subpoenas issued in the Debtor’s bankruptcy case.

5. RRSB previously filed Proof of Claim No. 1 in the Debtor’s bankruptcy case (the “RRSB Generations POC”) The RRSB Generations POC explains the business relationship between RRSB and the Debtor. This Affidavit concerns the eight outstanding notes referred to in the RRSB Generations POC and hereinafter as the “First Generations Note,” the “Second Generations Note,” the Third Generations Note, the “Fourth Generations Note,” the “Fifth Generations Note,” the “Sixth Generations Note,” the “Seventh Generations Note,” and “Ninth Generations Note,” hereinafter collectively the “Generations Notes 1-7 and 9.”

I. THE FIRST GENERATIONS NOTE

6. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated March 15, 2021, pursuant to which Loan No. 41121 was disbursed in the original principal amount of \$1,565,200.00 ("First Generations Note"). A true and correct copy of the First Generations Note is attached as **Exhibit 1-A** and incorporated by reference.

7. Interest initially accrued at a rate of 4.350% per annum. Under the Forbearance Agreement dated February 17, 2023 (the "Forbearance Agreement"), the interest rate increased to 6.500% per annum. Debtor was obligated to make payments on a semiannual basis through March 15, 2023, the original maturity date.

A. Disbursement of Loan Proceeds on First Generations Note

8. Loan proceeds for the First Generations Note were authorized for disbursement under a Loan Disbursement Request and Authorization contemporaneously executed by Debtor ("First Generations DRA"). A true and correct copy of the First Generations DRA is attached hereto as **Exhibit 1-B** and incorporated by reference, and an excerpt of relevant information is reproduced below for ease of reference:

SPECIFIC PURPOSE. The specific purpose of this loan is: APARTMENT DRAW REQUESTS.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$1,565,200.00 as follows:

Amount paid to Borrower directly:	\$1,565,200.00
\$269,628.78 Deposited to Loan Account # 40989	
\$127,434.93 Deposited to Loan Account # 41062	
\$214,227.46 Deposited to Loan Account # 41099	
\$953,908.83 Lender's Check # CRAIG DEVELOPMENT	
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Note Principal:	\$1,565,200.00

9. On March 15, 2021, the First Generations Note proceeds were disbursed in the aggregate amount of \$1,565,200.00. As demonstrated by the First Generations DRA, loan proceeds totaling \$611,291.17 were used to refinance three existing loans to Debtor for

construction of an apartment building in Watertown, South Dakota known as “Generations on 1st” (the “GO1 Real Property”). Specifically, the loan proceeds were applied as follows:

- (a) \$269,628.78 to Loan 40989,
- (b) \$127,434.93 to Loan 41062, and
- (c) \$214,227.46 to Loan 41099.

True and correct copies of the RRSB Debit Ticket confirming disbursement of the First Generations Note (Loan No. 41121) and Credit Tickets confirming the deposit of such loan proceeds to payoff Loan Nos. 40989, 41062, and 41099, are attached hereto as **Exhibit 1-C**.

10. The remaining loan proceeds in the amount of \$953,908.83 were disbursed to Craig Development in eight RRSB Cashier’s Checks as follows:

Check No.	Check Amount
200950	\$149,005.53
200951	\$163,020.84
200952	\$320,941.23
200953	\$320,941.23
<u>TOTAL:</u>	<u>\$953,908.83</u>

True and correct copies of the aforementioned Cashier’s Checks and two FCCU Craig Development Account Transaction Receipts dated March 15, 2021, confirming receipt and deposit of such loan proceeds, are attached hereto as **Exhibit 1-D**.

B. Payment History on First Generations Note

11. On April 17, 2023, a payment in the amount of \$1,565,200.00 was made on account of the First Generations Note. Such payment was “received” by RRSB when proceeds of the Eighth Generations Note were used, *inter alia*, to pay off all outstanding principal (but not interest) due on the First Generations Note. *See* Eighth Generations Note Aff.; ¶ 6, 8; and

Exhibit B (Eighth Generations DRA). No further payments have been made by the Debtor to reduce the outstanding balance of the First Generations Note.

II. THE SECOND GENERATIONS NOTE

12. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated September 14, 2021, pursuant to which Loan No. 51404 was issued in the original principal amount of \$2,976,430.98 (the “Second Generations Note”). A true and correct copy of the Second Generations Note is attached as **Exhibit 2-A** and incorporated by reference.

13. Interest initially accrued on the unpaid principal balance at a rate of 4.350% per annum. Under the Forbearance Agreement, the rate increased to 6.500% per annum. Under the Second Generations Note, Debtor was obligated to pay all principal and accrued interest on March 31, 2022, the original maturity date.

A. Disbursement of Loan Proceeds

14. Proceeds for the Second Generations Note were authorized for disbursement under the Loan Disbursement Request and Authorization contemporaneously executed by Debtor (“Second Generations DRA”). A true and correct copy of the Second Generations DRA is attached hereto as **Exhibit 2-B** and incorporated by reference, and an excerpt of relevant information is reproduced below for ease of reference:

SPECIFIC PURPOSE. The specific purpose of this loan is: Multi Family Home Construction Project Draw 10, 11, 12, & 13.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$2,976,430.98 as follows:

Amount paid to others on Borrower's behalf:	\$2,976,430.98
\$2,976,430.98 to Craig Development LLC for Construction	
Draws and Construction Management Fees	

Note Principal:	\$2,976,430.98
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15. On September 14, 2021, the Second Generations Note proceeds were disbursed in the aggregate amount of \$2,976,430.98. The loan proceeds were disbursed via a wire transfer to the FCCU Craig Properties Account. True and correct copies of an RRSB Wire

Transfer Order and Transaction Receipt dated September 14, 2021, and a statement dated September 30, 2021 for the FCCU Craig Properties Account (*See* p. 3), confirming receipt and deposit of such loan proceeds, are attached hereto as **Exhibit 2-C**.

B. Payment History

16. On April 17, 2023, a payment in the amount of \$2,976,430.98 was made on account of the Second Generations Note. This payment was “received” by RRSB when proceeds of the Eighth Generations Note were used *inter alia*, to pay off all outstanding principal (but not interest) due on Second Generations Note. . *See* Eighth Generations Note Aff.; ¶ 6, 8; and **Exhibit B** (Eighth Generations DRA). No further payments have been made by the Debtor towards the outstanding balance of the Second Generations Note.

III. THE THIRD GENERATIONS NOTE

17. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated October 14, 2021, pursuant to which Loan No. 51425 was issued in the original principal amount of \$1,094,025.15 (the “Third Generations Note”). A true and correct copy of the Third Generations Note is attached as **Exhibit 3-A** and incorporated by reference.

18. Interest initially accrued on the unpaid principal balance at a rate of 4.350% per annum. Under the Forbearance Agreement, the rate increased to 6.500% per annum. Under the Third Generations Note, Debtor was obligated to pay all principal and accrued interest on March 31, 2022, the original maturity date.

A. Disbursement of Loan Proceeds

19. Proceeds for the Third Generations Note were authorized for disbursement under to the Loan Disbursement Request and Authorization contemporaneously executed by Debtor (“Third Generations DRA”). A true and correct copy of the Third Generations DRA is

attached hereto as **Exhibit 3-B** and incorporated by reference, and an excerpt of relevant information is reproduced below for ease of reference:

SPECIFIC PURPOSE. The specific purpose of this loan is: Multi Family Home Construction Project Draw 10, 11, 12, & 13.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$1,094,025.15 as follows:

Amount paid to others on Borrower's behalf:	\$1,094,025.15
\$1,094,025.15 to Craig Development LLC for Construction	
Draws and Construction Management Fees	
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Note Principal:	\$1,094,025.15

20. On October 14, 2021, the Third Generations Note proceeds were disbursed in the amount of \$1,095,025.15. The loan proceeds were disbursed via wire transfer to the FCCU Craig Properties Account. True and correct copies of RRSB's Wire Transfer Order and Transaction Receipt dated October 14, 2021, and an FCCU Craig Properties Account Statement dated October 31, 2021 (*See* p. 3), all of which confirm receipt of such loan proceeds, are attached hereto as **Exhibit 3-C**.

B. Payment History

21. On April 17, 2023, a payment in the amount of \$1,094,025.15 was made on account of the Third Generations Note. Such payment was "received" by RRSB when proceeds of the Eighth Generations Note were used, *inter alia*, to pay off all outstanding principal (but not interest) due on Third Generations Note. *See* Eighth Generations Note Aff.; ¶ 6, 8; and **Exhibit B** (Eighth Generations DRA). No further payments have been received by RRSB for the Third Generations Note.

IV. THE FOURTH GENERATIONS NOTE

22. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated November 9, 2021, pursuant to which Loan No. 51437 was issued in the original

principal amount of \$424,259.84 (the “Fourth Generations Note”). A true and correct copy of the Fourth Generations Note is attached as **Exhibit 4-A** and incorporated by reference.

23. Interest initially accrued on the unpaid principal balance at a rate of 4.350% per annum. Under the Forbearance Agreement, the rate increased to 6.500% per annum. Under the Fourth Generations Note, Debtor was obligated to pay all principal and accrued interest on March 31, 2022, the original maturity date.

A. Disbursement of Loan Proceeds

24. Proceeds of the Fourth Generations Note were authorized for disbursement under the Loan Disbursement Request and Authorization contemporaneously executed by Debtor (“Fourth Generations DRA”). A true and correct copy of the Fourth Generations DRA is attached hereto as **Exhibit 4-B** and incorporated by reference, and an excerpt of relevant information is reproduced below for ease of reference:

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$424,259.84 as follows:

Amount paid to others on Borrower's behalf:	\$424,259.84
\$424,259.84 to Craig Development LLC for Construction Draws and Construction Management Fees	
Note Principal:	<hr/> \$424,259.84

25. On November 9, 2021, the Fourth Generations Note proceeds were disbursed in the amount of \$424,259.84. The loan proceeds were disbursed via a wire transfer to the FCCU Craig Properties Account. True and correct copies of RRSB’s Wire Transfer Order and Transaction Receipt dated November 9, 2021, and an FCCU Craig Properties Account Statement dated November 30, 2021 (*See* p. 2), all of which confirm receipt of such loan proceeds, are attached hereto as **Exhibit 4-C**.

B. Payment History

26. On April 17, 2023, a payment of \$424,259.84 was made on account of the Fourth Generations Note. Such payment was “received” by RRSB when proceeds of the Eighth Generations Note were used, *inter alia*, to pay off all outstanding principal (but not interest) due on the Fourth Generations Note. *See* Eighth Generations Note Aff.; ¶ 6, 8; and **Exhibit B** (Eighth Generations DRA). No further payments have been made by the Debtor towards the outstanding balance of the Fourth Generations Note.

V. THE FIFTH GENERATIONS NOTE

27. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated December 8, 2021, pursuant to which Loan No. 51449 was issued in the original principal amount of \$843,168.59 (the “Fifth Generations Note”). A true and correct copy of the Fifth Generations Note is attached as **Exhibit 5-A** and incorporated by reference.

28. Interest initially accrued on the unpaid principal balance at a rate of 4.350% per annum. Under the Forbearance Agreement, the rate increased to 6.500% per annum. Under the Fifth Generations Note, Debtor was obligated to pay all principal and accrued interest on March 31, 2022, the original maturity date.

A. Disbursement of Loan Proceeds

29. Proceeds of the Fifth Generations Note were authorized for disbursement under the Loan Disbursement Request and Authorization contemporaneously executed by Debtor (“Fifth Generations DRA”). A true and correct copy of the Fourth Generations DRA is attached hereto as **Exhibit 5-B** and incorporated by reference, and an excerpt of relevant information is reproduced below for ease of reference:

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$843,168.59 as follows:

Amount paid to others on Borrower's behalf:	\$843,168.59
\$843,168.59 to Craig Development LLC for Construction Draws and Construction Management Fees	
Note Principal:	<hr/> \$843,168.59

30. On December 9, 2021, the Fifth Generations Note proceeds were disbursed in the amount of \$843,168.59. The loan proceeds were disbursed via a wire transfer to the FCCU Craig Properties Account. True and correct copies of an RRSB Wire Transfer Order and Transaction Receipt dated December 9, 2021, and an FCCU Craig Properties Account Statement dated December 31, 2021 (*See* p. 2), all memorializing the Fifth Generations Note disbursement, are attached hereto as **Exhibit 5-C**.

B. Payment History

31. On April 17, 2023, a payment of \$843,168.59 was made on account of the Fifth Generations Note. Such payment was "received" by RRSB when proceeds of the Eighth Generations Note were used, *inter alia*, to pay off all outstanding principal (but not interest) due on the Fifth Generations Note. *See* Eighth Generations Note Aff.; ¶ 6, 8; and **Exhibit B** (Eighth Generations DRA). No further payments have been made by the Debtor towards the outstanding balance of the Fifth Generations Note.

VI. THE SIXTH GENERATIONS NOTE

32. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated January 5, 2022, pursuant to which Loan No. 51471 was issued in the original principal amount of \$653,729.65 (the "**Sixth Generations Note**"). A true and correct copy of the Sixth Generations Note is attached as **Exhibit 6-A** and incorporated by reference.

33. Interest initially accrued on the unpaid principal balance at a rate of 4.350% per annum. Under the Forbearance Agreement, the rate increased to 6.500% per annum. Under the

Sixth Generations Note, Debtor was obligated to pay all principal and accrued interest on December 31, 2022, the original maturity date.

A. Disbursement of Loan Proceeds

34. Proceeds of the of the Sixth Generations Note were authorized for disbursement under the Loan Disbursement Request and Authorization contemporaneously executed by Debtor (the “Sixth Generations DRA”). A true and correct copy of the Sixth Generations DRA is attached hereto as **Exhibit 6-B** and incorporated by reference, and an excerpt of relevant information is reproduced below for ease of reference:

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$653,729.65 as follows:

Amount paid to others on Borrower's behalf:	\$653,729.65
\$653,729.65 to Craig Development LLC for Construction Draws and Construction Management Fees	

Note Principal:	<u>\$653,729.65</u>
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35. On January 5, 2022, the Sixth Generations Note proceeds were disbursed in the amount of \$653,729.65. The loan proceeds were disbursed via Cashier's Check No. 101723 made payable to Craig Development. True and correct copies of RRSB's Cashier's Check and an FCCU Craig Development Account Transaction Receipt dated January 5, 2022, confirming receipt and deposit of the Sixth Generations Note proceeds, are attached as **Exhibit 6-C**.

B. Payment History

36. On April 17, 2023, a payment of \$653,729.65 was made on account of the Sixth Generations Note. Such payment was “received” by RRSB when proceeds of the Eighth Generations Note were used, *inter alia*, to pay off all outstanding principal (but not interest) due on the Fifth Generations Note. See Eighth Generations Note Aff.; ¶ 6, 8; and **Exhibit B** (Eighth Generations DRA). No further payments have been made by the Debtor towards the outstanding balance of the Sixth Generations Note.

VII. THE SEVENTH GENERATIONS NOTE

37. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated February 3, 2022, pursuant to which Loan No. 51488 was issued in the original principal amount of \$274,043.60 ("Seventh Generations Note"). A true and correct copy of the Seventh Generations Note is attached as **Exhibit 7-A** and incorporated by reference.

38. Interest initially accrued on the unpaid principal balance at a rate of 4.350% per annum. Under the Forbearance Agreement, the rate increased to 6.500% per annum. Under the Seventh Generations Note, Debtor was obligated to pay all principal and accrued interest on December 31, 2022, the original maturity date.

A. Disbursement of Loan Proceeds

39. Proceeds of the of the Seventh Generations Note were authorized for disbursement under the Loan Disbursement Request and Authorization contemporaneously executed by Debtor ("Seventh Generations DRA"). A true and correct copy of the Seventh Generations DRA is attached hereto as **Exhibit 7-B** and incorporated by reference, and an excerpt of relevant information is reproduced below for ease of reference:

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$274,043.60 as follows:

Amount paid to others on Borrower's behalf:	\$274,043.60
\$274,043.60 to Craig Development LLC for Construction Draws and Construction Management Fees	
	<hr/>
Note Principal:	\$274,043.60

40. On February 3, 2022, the Seventh Generations Note proceeds were disbursed in the amount of \$274,043.60. The loan proceeds were disbursed via a wire transfer to the FCCU Craig Properties Account. True and correct copies of an RRSB Wire Transfer Order and Transaction Receipt dated February 3, 2022, and an FCCU Craig Properties Account

Statement dated February 28, 2022 (*See* p. 2), all memorializing the Seventh Generations Note disbursement, are attached hereto as **Exhibit 7-C**.

B. Payment History

41. On April 17, 2023, a payment of \$274,043.60 made on account of the Seventh Generations Note. Such payment was “received” by RRSB when proceeds of the Eighth Generations Note were used, *inter alia*, to pay off all outstanding principal (but not interest) due on the Seventh Generations Note. *See* Eighth Generations Note Aff.; ¶ 6, 8; and **Exhibit B** (Eighth Generations DRA). No further payments have been made by the Debtor towards the outstanding balance of the Seventh Generations Note.

VIII. THE NINTH GENERATIONS NOTE

42. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated April 17, 2023, pursuant to which Loan No. 451677 was issued in the original principal amount of \$561,365.10 (the “Ninth Generations Note”). A true and correct copy of the Ninth Generations Note is attached as **Exhibit 9-A** and incorporated by reference.

43. No further interest accrued on Generations Notes 1-7 after April 17, 2023. All outstanding principal for such notes as of April 17, 2023 was refinanced and paid off with proceeds of the Eighth Generations Note. Similarly, all accrued unpaid interest for Generations Notes 1-7 was refinanced and paid off by the Ninth Generations Note, which has been accruing interest at a rate of 2.000% per annum since April 17, 2023.

A. Disbursement of Loan Proceeds

44. Proceeds of the Ninth Generations Note were authorized for disbursement under the Loan Disbursement Request and Authorization contemporaneously executed by Debtor (“Ninth Generations DRA”). A true and correct copy of the Ninth Generations DRA is attached

hereto as **Exhibit 9-B** and incorporated by reference, and a relevant excerpt is reproduced below for ease of reference:

SPECIFIC PURPOSE. The specific purpose of this loan is: Refinance Construction Loan Accrued Interst.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$561,365.10 as follows:

Amount paid on Borrower's account:	\$561,365.10
\$145,278.42 Payment on Loan # 41121	
\$211,351.05 Payment on Loan # 51404	
\$73,773.26 Payment on Loan # 51425	
\$27,294.44 Payment on Loan # 51437	
\$51,229.99 Payment on Loan # 51449	
\$37,616.31 Payment on Loan # 51471	
\$14,821.63 Payment on Loan # 51488	
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Note Principal:	\$561,365.10

45. On April 17, 2023, Ninth Generations Note proceeds in the sum of \$561,365.10 were disbursed to pay off all accrued unpaid interest on Generations Notes 1-7 as follows:

Loan	Interest Accrued as of April 17, 2023 (Date of Ninth Gen. Note)
First Gen. Note (41121)	\$145,278.42
Second Gen. Note (51404)	\$211,351.05
Third Gen. Note (51425)	\$73,773.26
Fourth Gen. Note (51437)	\$27,294.44
Fifth Gen. Note (51449)	\$51,229.99
Sixth Gen. Note (51471)	\$37,616.31
Seventh Gen. Note (51488)	\$14,821.63
	\$561,365.10
<u>TOTAL:</u>	

B. Payment History

46. No payments have been made by Debtor to reduce the outstanding balance of the Ninth Generations Note.

IX. LOAN HISTORY OF GENERATIONS NOTES 1-7 & 9

47. Inquiry Statements for Generations Notes 1-7 and 9 generated by RRSB's computer system are attached as **Exhibit E** and incorporated by reference. The Inquiry Statements do not include a running balance. But they do list all loan advances, late fees, and payments made.

48. For the convenience of the parties and the Court, a printout of an Excel spreadsheet setting forth the history of loan payments, accrual of interest and late fees on Generations Notes 1-7 and the Ninth Generations Note is attached as **Exhibit F** and incorporated by reference.

[The remainder of this page is intentionally blank.]

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 16 day of September, 2025.


Charles Aarestad

Subscribed and sworn to before me this 16 day of September, 2025.


Notary Public

